



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



AUGUST 31, 1999

Cairns Group Meeting On Agriculture Issues. The Cairns group met recently in Buenos Aires in an effort to prepare its position for the upcoming World Trade Organization (WTO) talks in Seattle, November 30 through December 3. The 15-member group of agricultural exporting nations, composed of Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand, and Uruguay, met to discuss greater market access for agricultural exports, the elimination of export subsidies, and the reduction of domestic price supports. Australian Trade Minister Mark Vaile stated that, worldwide, subsidies and price supports reached \$362 billion during 1998, an increase of 8 percent compared to 1997. Vaile, along with Chilean Agriculture Minister Angel Sartori, estimated that there would be a worldwide increase of 15-20 percent in agricultural prices if the export subsidies and domestic price supports provided by the United States, European Union, and other nations were suspended. Vaile was also highly critical of the proposed \$7.65 billion farm aid package recently approved by the U.S. Senate and awaiting final approval by a House-Senate conference committee. With U.S. Secretary of Agriculture Dan Glickman attending as a special guest, Vaile called the move a "worrying development." Glickman, speaking with reporters later, stated that the aid package was primarily emergency relief to farmers and would be WTO-compliant. He also emphasized that the U.S. is attempting to develop a common agenda with the Cairns group prior to the so-called "millennium round" of the WTO negotiations. Secretary Glickman raised concern over the Australian and Canadian wheat boards, asking for increased transparency of their operations. The Australian Wheat Board (AWB) acts as the sole controller of the export of Australia's wheat production, carrying, as it states, "the collective risk of international price and financial exposures on behalf of Australia's wheat growers." Similarly, the Canadian Wheat Board (CWB), among its other duties, acts as the "single desk marketing agency for western Canadian milling wheat and all wheat for export." Both Vaile and Canadian Agriculture Minister Lyle Vancil emphasized that neither of their respective marketing systems distorted market prices. The Cairns group is named after the Australian city where the original meeting took place in 1986. (*Bridge News* 8/28, *Saskatchewan Wheat Pool Policy* at www.swp.com, *Australian Wheat Board Limited* at www.awb.com.au)

U.S. Farm Aid May Increase. According to U.S. Senator Mitch McConnell (R-KY), the Senate farm aid package approved in July, may get an additional boost of some \$2.5 billion, when Congress returns from recess in September. With the increase, the farm aid package would reach a figure of \$10 billion. The House-Senate conference committee will negotiate a final version of the package, and consider emergency provisions not included in the House's agriculture appropriations bill. Although the Clinton Administration has not taken a stand on the amount of aid necessary, McConnell, also a member of the Agriculture and Appropriations committees, feels the President will sign the aid package. Representative Ron Lewis (R-KY) also felt that the assistance to farmers would be increased and voiced his support for the increase while speaking at a recent meeting in Owensboro, KY. (*Messenger-Inquirer* 8/30, www.senate.gov, www.house.gov)

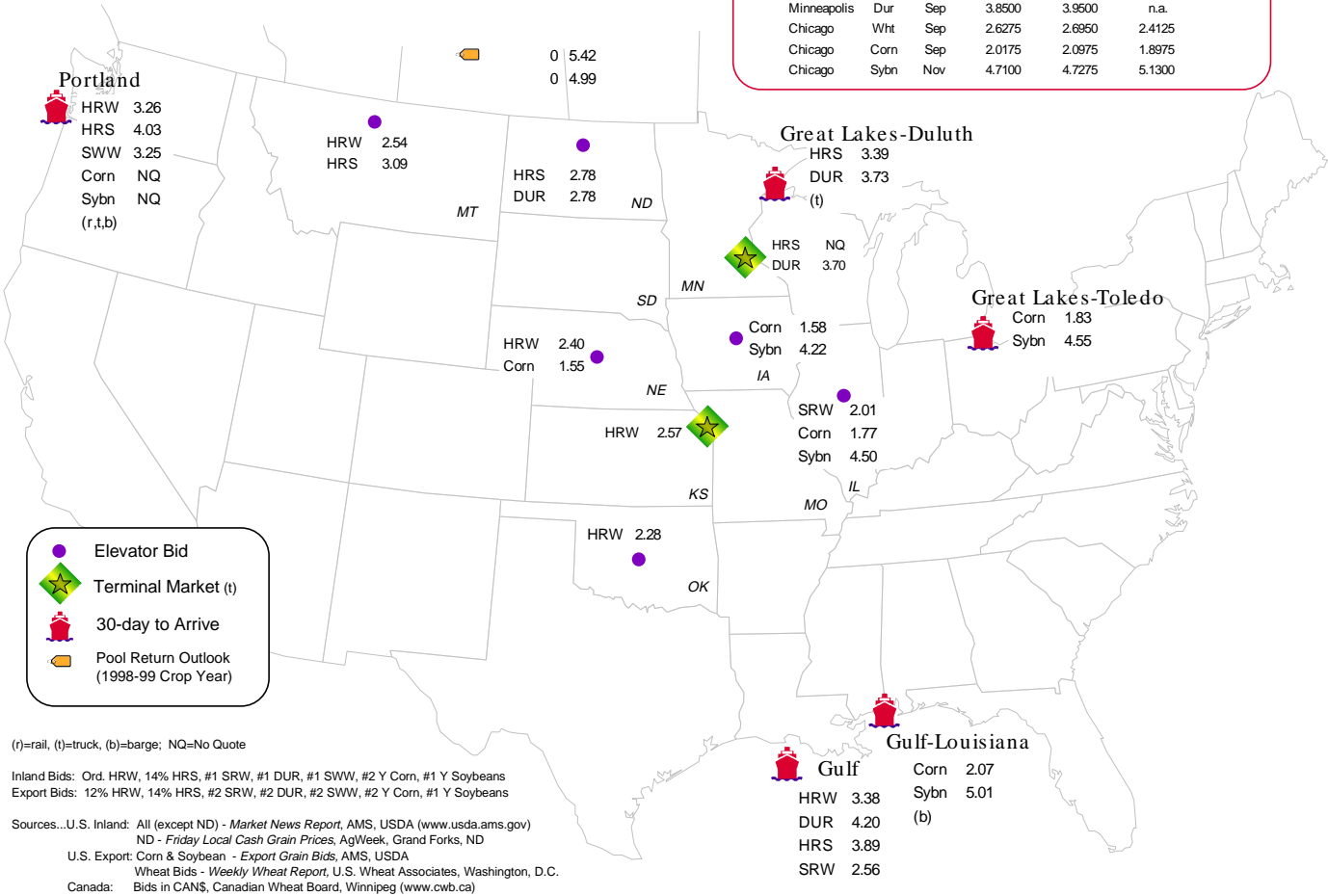
Optimism For Ag. According to a recent USDA report, U.S. farmers can expect to export \$50 billion in agricultural products, during the upcoming fiscal year, which begins October 1. This would be an increase of \$1 billion over the previous year. It would be the first increase in 3 years, due primarily to stronger foreign economies, especially in Asia, the largest market for U.S. farm exports. Another important factor may be reduced competition for some commodities. Although livestock shows the most potential for export value, soybeans will account for the largest export volume, with an increase of 15 percent over fiscal year 1999. Soybean prices, however, being the lowest since the 1970's, will limit the value of total oilseed exports. (*Reuters* 8/31)

Spain, Portugal Seek U.S. Wheat. Grain millers in Spain and Portugal are showing much interest in high-quality U.S. wheat, according to grain traders. According to the traders, the appeal of U.S. wheat over European varieties derives mostly from its uniform quality, which can be attributed to the fact that it is grown in larger fields under less diverse conditions than is possible in Europe, with its smaller fields and differing farm locations. Sales volume, however, will depend largely on price. Since German wheat is also showing normal quality this year, price will be an important factor to any increase in U.S. sales to these countries. A possible trend of growing high-quality wheat in certain parts of Spain, since it is more profitable than corn, would also be an important factor in determining the market share of U.S. wheat producers. (*Reuters* 8/30, *USDA*)

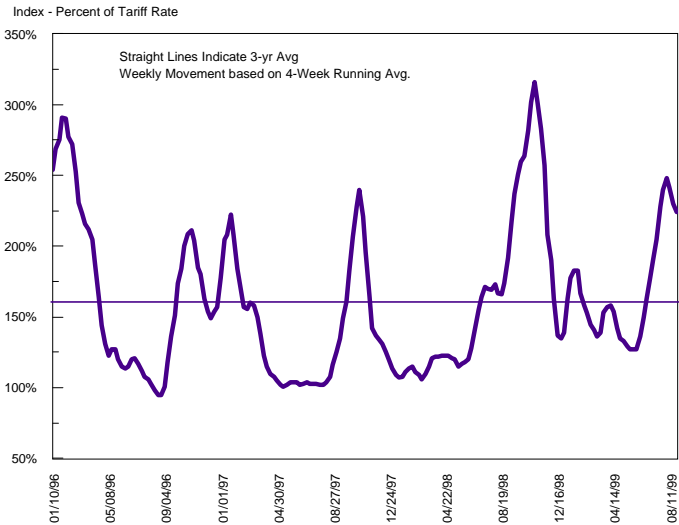
Report is prepared by Karl Hacker, Chambre' Malone, and Karla Martin Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to GTR@usda.gov.

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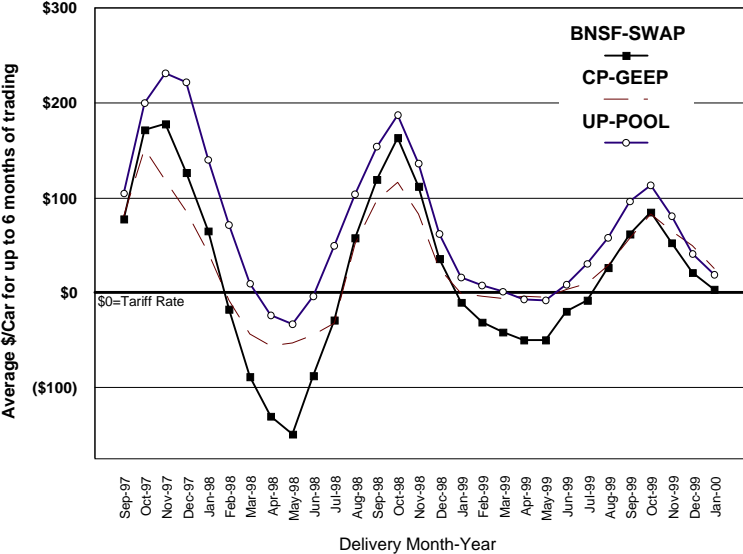
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Oct-99		Dec-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,175	89%	12,175	34%
UP-GCAS	5,400	33%	5,400	15%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Sep-99	Nov-99	Dec-99	Jan-99
BNSF-GF	\$66	\$18	\$12	\$1
CP-GEEP	\$114			
UP-Pool	\$170	\$89	\$18	\$3

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Oct-99	Nov-99	Dec-99
COT/N. Grain	\$14	\$2	no bid
COT/S. Grain	\$54	\$16	\$6
GCAS/Region 2	\$66	\$24	\$2
GCAS/Region 4	\$119	\$8	\$1

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
8/27/99	Illinois River	nwk	220-250
		Oct.	275-285
	Mid Miss	nwk	220-250
		Sept.	260-265
		Oct.	280-290
	St. Louis	twk	250
	OTCT	twk	280
	Ohio River	nwk	235-260
		Sept.	260-280
		Oct.	270-285
	MTCT	nwk	230-280
	Twin Cities	twk	230

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

nwk=next week

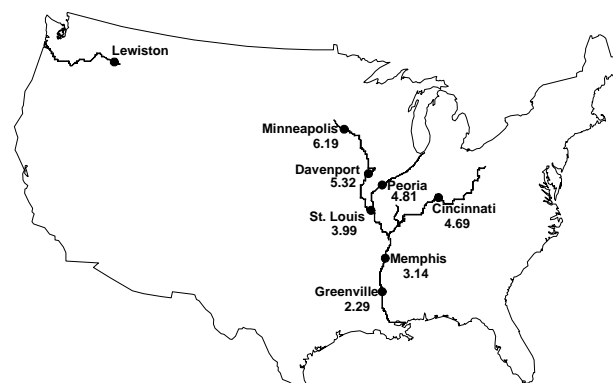
OTCT=Osceala (Ark) Thru Cairo Terms

MTCT=Memphis Thru Cairo Terms

**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'****Southbound Barge Freight Spot Rates**

	8/25/99	8/18/99	Sept. '99	Nov. '99
Twin Cities	243	284	278	288
Mid-Mississippi	217	252	256	205
Illinois River	213	233	246	183
St. Louis	192	225	228	167
Lower Ohio	222	224	252	175
Cairo-Memphis	200	242	232	165

Source: Transportation & Marketing /AMS/USDA

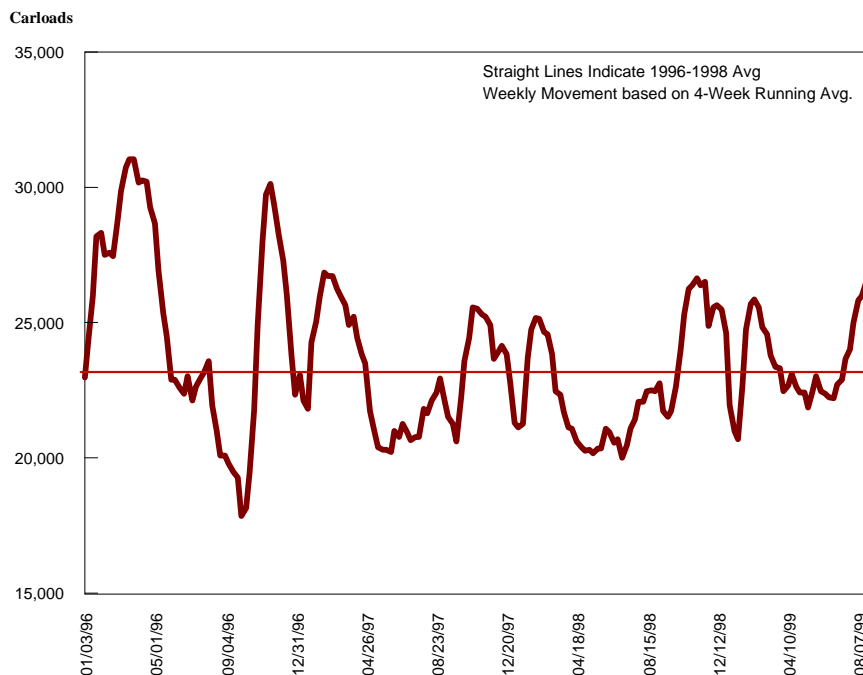


Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
8/7/99	25,851
8/14/99	26,867
8/21/99	26,347
Year to Date - 1999	786,430
Year to Date - 1998**	726,618
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

	Conrail	CSXT	East		West			Canada	
			IC	NS	BNSF	KCS	UP	CN	CP
08/21/99	0	2,535	1,793	2,469	11,590	657	7,303	1,719	3,686
This Week Last Year	763	2,145	1,500	1,861	8,970	751	6,705	2,305	4,622
1999 YTD	15,522	80,594	54,613	87,049	276,222	22,638	249,792	72,000	125,532
1998 YTD*	23,200	76,170	49,997	82,100	263,756	21,002	210,393	74,090	134,724
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

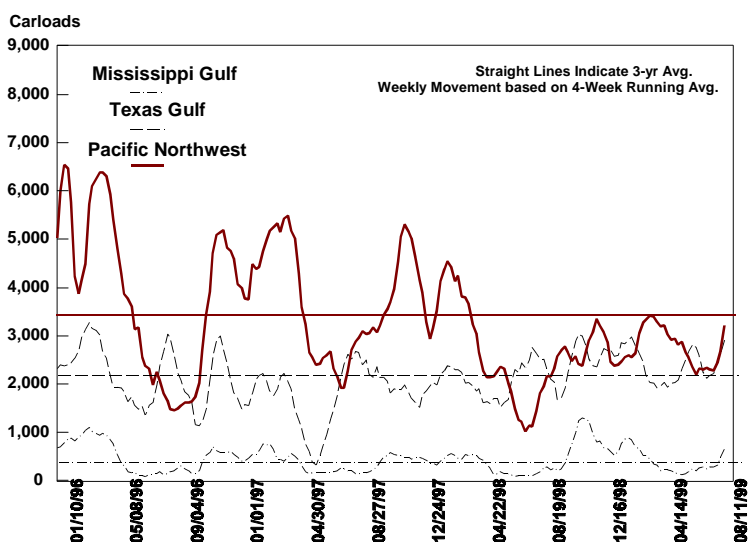
August 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
08/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$23.70	\$0.65
08/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$48.96	\$1.33
08/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$20.39	\$0.56
08/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$50.75	\$1.38
08/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$46.35	\$1.26
08/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,951	\$32.53	\$0.83
08/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$34.17	\$0.87
08/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,526	\$27.84	\$0.71
08/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,480	\$38.36	\$1.04
08/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,180	\$35.05	\$0.95
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

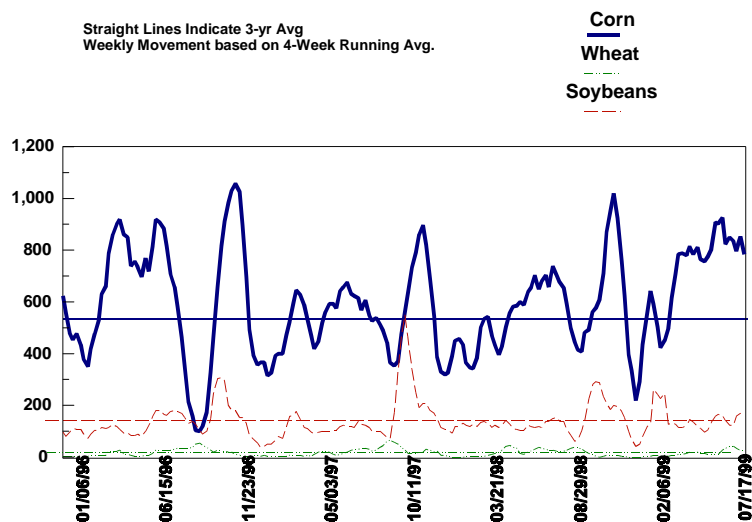
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
07/14/99	203	2,256	2,168	119
07/21/99	243	2,489	2,304	459
07/28/99	362	2,415	2,464	162
08/04/99	512	2,859	2,936	147
08/11/99	855	2,674	2,940	129
08/18/99	925	3,693	4,512	187
YTD 1999	14,065	81,129	92,213	8,496
YTD 1998	10,187	68,730	87,405	6,677
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				

Rail Deliveries to Port

Note:* Corrected data.

Barge Movements - Locks 27

1,000 Tons

**Barge Grain Movements**

for week ending 8/21/99

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	601	3	49	653
Winfield, MO (L25)	628	31	76	735
Alton, IL (L26)	834	32	114	987
Granite City, IL (L27)	819	32	106	969
Illinois River (L8)	158	2	32	199
Ohio (L52)	20	25	27	98
Arkansas (L1)	0	47	1	49
1999 YTD	24,051	1,958	4,898	32,787
1998 YTD	18,423	1,590	4,877	26,818
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

Melvin Price L&D main chamber closed for repairs until Sept. 6.

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
08/19/99	1,659	355	849	527	177	3,571	9,370	3,692	16,633
This Week Year Ago	1,520	397	1,022	868	210	4,029	7,687	3,923	15,639
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	2,902	873	1,099	654	211	5,738	47,564	22,058	75,360
97/98 YTD	2,740	441	1,410	919	170	5,679	35,807	17,713	59,199
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
08/26/99	153	220	0	157	962	279	405	14	24
1999 YTD	6,546	5,847	430	4,608	23,595	8,527	5,685	474	771
1998 YTD *	5,999	3,322	409	3,290	18,086	8,331	4,522	254	624
% of Last Year	60%	134%	66%	91%	75%	57%	78%	84%	55%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

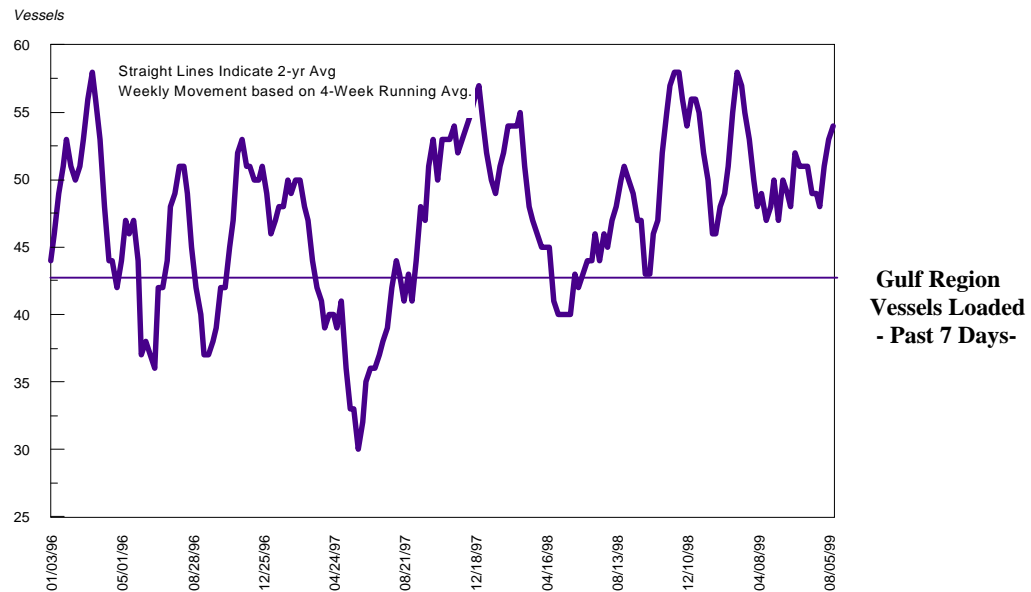
Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 08/26/99			
Vancouver	353	111	40
Prince Rupert	0	0	0
Prairie Direct	70	16	12
Thunder Bay	87	0	17
St. Lawrence	165	98	0
1999 YTD Exports	675	225	69
1998 YTD Exports	534	214	12
% of Last Year	126%	105%	575%

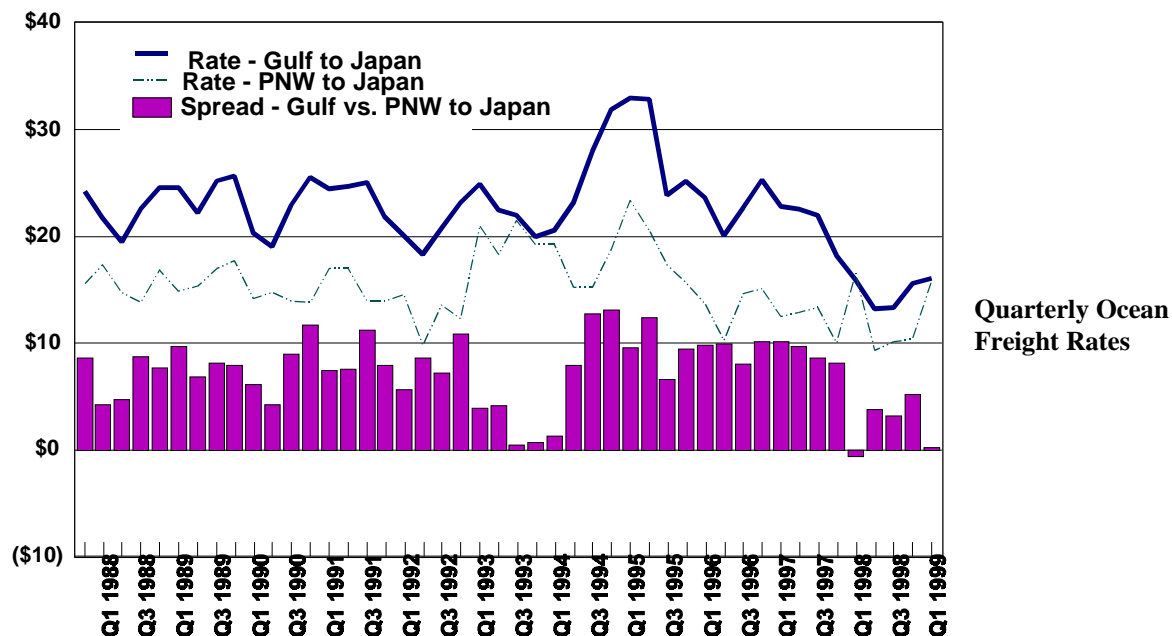
Source: Canadian Grains Commission *Year Ago-This Week a Year Ago **
YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
08/19/99	31	51	59	10			10	7	0
08/26/99	41	58	74	6			4	7	7
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						

Source: Transportation & Marketing /AMS/ USDA

US\$/Metric Ton



Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 2 nd Qtr	1998 2 nd Qtr	% Change		1999 2 nd Qtr	1998 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$16.08	\$15.93	1%	Japan	\$15.83	\$16.49	-4%
Mexico	\$22.45	\$12.42	81%	Red Sea/ Arabian Sea	\$45.80		
Venezuela	\$13.91	\$12.27	13%				
N. Europe	\$12.28	\$9.36	31%	Argentina to			
N. Africa	\$17.80	\$12.83	39%	N. Europe	\$23.92	\$13.13	82%
				Japan	\$20.82	\$18.55	12%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 08/28/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Duluth	W. Italy op E. Italy	Heavy Grain	August	16,000	\$25.00 op 27.00
Gulf	Egypt (Med.)	Heavy Grain	September	55,000	\$13.00
Gulf	N. Spain/France	Grains	Spot	25,000	\$15.50
Gulf	Bangladesh	Wheat	Prompt	25,000	\$28.50
Gulf	Japan	Heavy Grain	September	40,000/42,000	\$20.00-21.50
PNW	Japan	Heavy Grain	September	54,000	\$10.65
Brazil	Malaysia	Meals	September	30,000	\$21.25
Brazil	Italy (Adriatic)	Grains	Spot	30,000	\$19.00
France	Bangladesh	Wheat	August	30,000	\$26.90
Bulgaria	India (WC)	Wheat	Aug./Sept.	25,000	\$25.00

Source: Maritime Research Inc.